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Dear Colleagues:

In this year's Benefit Decision Guide, you will find important information about your benefits under the state's health care plans. Our goal remains to offer you and your family excellent benefits at affordable costs.

To achieve these goals, we will continue to work with the Group Insurance Commission (GIC) to improve quality and contain costs. The GIC will continue its leadership role in driving health care delivery improvements, quantifying differences in care and providing incentives by charging lower co-payments for those who use better-performing doctors and health care providers. Each of us has a part to play -- the GIC by designing programs to improve the system; the administration and the Legislature by funding these programs responsibly; and you by being thoughtful and prudent consumers.

I urge you to read the **2008-2009 Benefit Decision Guide** thoroughly. Contact your current health plan (if you are not in Medicare), and other GIC health plans you are considering, to find out which tiers your doctors and hospitals are in. All enrollees can take advantage of other resources, including the GIC's website and health fairs, to research your options and make the best selections for you and your family.

I thank you for your service to the Commonwealth. I look forward to continuing our work together to move Massachusetts forward.

Sincerely,



Rising health care costs and gaps in health care quality continue to pose formidable challenges:

- Health care cost increases have far outpaced increases in workers' earnings and overall inflation. According to the Kaiser Family Foundation, nationally since 2001:
 - Family coverage health premiums have increased 78%, but
 - Wages have increased 19%
 - Inflation has increased 17%
- Health care costs, including the GIC, now comprise 45% of the state's budget.
- The state faces a \$1.3 billion budget gap.
- Numerous studies, including those conducted by the Institute of Medicine and the RAND Corporation, have shown wide disparities in quality of care.

What have other employers done?

- Cut benefits/reduced coverage
- Eliminated choice
- Implemented high-deductible plans
- Eliminated retiree benefits

The GIC has taken a different approach:

- Looked at the health care system itself
- Urged providers (doctors and hospitals) to be part of the solution

The GIC's Clinical Performance Improvement Initiative, which began in fall 2003, seeks to:

- Maintain a comprehensive level of benefits
- Improve health care quality and safety
- Maintain participants' choice of providers
- Control cost increases for enrollees and the Commonwealth
- Educate enrollees about provider performance measures of value and quality
- Encourage members to become informed health care consumers

For FY09, the Clinical Performance Improvement Initiative will continue to evolve:

Physician office visit co-pays will migrate to three tiers for specialists in all plans, as well as for Primary Care Physicians in some plans, based on quality and cost efficiency standards.

Health plans will tier physicians individually or by practice group, depending on the practice type and data available:

★★★ Tier 1 (*excellent*)

★★ Tier 2 (*good*)

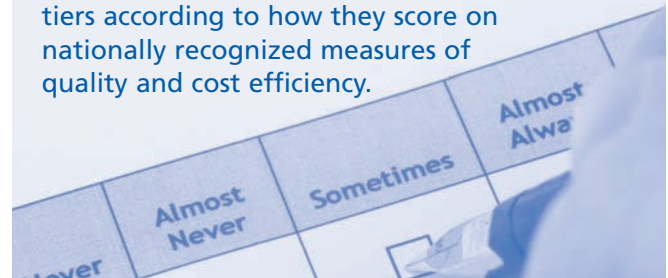
★ Tier 3 (*standard*)

Physicians for whom there is not enough data and non-tiered specialists will be assigned the Plan's Tier 2 co-pay. To address concerns with the GIC budget, there will be changes in some co-pays (see pages 6 and 7 for details):

- Outpatient surgery
- Inpatient hospital admissions

How are physician tiers determined?

Based on a thorough analysis of physician claims, GIC health plans assign physicians to tiers according to how they score on nationally recognized measures of quality and cost efficiency.



Other Benefit News

- The GIC has re-contracted with all of its health carriers:
 - Fallon Community Health Plan
 - Harvard Pilgrim Health Care
 - Health New England
 - Neighborhood Health Plan
 - Tufts Health Plan
 - UniCare
- The name of the Indemnity Plans will change to: UniCare State Indemnity Plan/Basic, Community Choice and PLUS.
- The GIC has again selected United Behavioral Health as the mental health benefit provider for all Indemnity Plans and Navigator by Tufts Health Plan members.
- Routine eye exam benefits will be standardized across all employee health plans: one exam every 24 months.
- Beginning in the fall of 2008, active employees will have the option of enrolling in or increasing coverage in Optional Life Insurance, up to four times salary, within 31 days of any of the following family status events: marriage, divorce, death of spouse, birth or adoption of a child.

DURING Annual Enrollment:

- ✓ Contact the health plans you're considering to see which co-pays you would pay for your doctors and hospitals.



AFTER Annual Enrollment:

- ✓ Be an informed consumer!
- ✓ Tier 1 providers are top value providers.
- ✓ Consider their rankings before you select a provider (and save \$).
- ✓ Before you visit a doctor or are admitted to the hospital (non-emergency), find out your co-pay for the doctor or hospital.

Choosing a **HEALTH PLAN**

During annual enrollment, "Julie" checked out which tier her own, her husband's and her children's doctors would be in as of July 1 in some of the GIC's health plans. She found out that the doctors she and her family see most are Tier 1 in the UniCare State Indemnity Plan/PLUS and the UniCare State Indemnity Plan/Community Choice. However, the hospitals they use have a lower co-pay in the Community Choice Plan and her premium will be lower in that plan. She decides to change to the UniCare State Indemnity Plan/Community Choice during annual enrollment.

Choosing a **DOCTOR OR HOSPITAL**

"Mike" was told he needs surgery. He is in Navigator by Tufts Health Plan and talks to his surgeon to find out which hospitals the surgeon recommends for his care. He contacts Tufts Health Plan to find out which co-pay tier the recommended hospitals are in. He elects to receive care at a Tier 1 hospital and saves money by doing so.

"George" is a member of the Harvard Pilgrim Independence Plan.

He needs to see a dermatologist and finds out that the doctor his internist recommended is in Tier 3. On Harvard Pilgrim's website, he finds two dermatologists in his area who are in Tier 1. He calls his internist to find out whether she recommends either of the two physicians. She highly recommends one of the doctors and George books an appointment with that dermatologist.

